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SUBJECT: The "Best" Harvest Ever

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¶1. (SBU) Summary: The 2005 harvest campaign is in full swing in Belarus and, like in years past, Lukashenko expects an unattainable yield. During his annual conference on the "battle for the harvest", Lukashenko rattled off his demands and listened to exceptional progress reports from nervous and often frightened ministers and governors. The GOB's banks have invested millions of dollars into the agriculture sector, resulting in large deficits that the government will most likely write off. Special police units are raiding farms to catch thieves red-handed while state propaganda teams glorify the harvest campaign on a daily basis. Official production results are largely inaccurate, as water accounts for most of the weight and farmers are reporting poor crops due to poor weather and leadership decisions. End Summary.

The Expert On Agriculture

¶2. (U) At a July 28 conference on the 2005 harvest campaign, Lukashenko demanded no less than seven million tons of grain be harvested to ensure the country's food and political security ahead of next year's presidential election. He demanded southern regions complete their harvest by August 20 and then help the central and northern regions finish by August 25. Lukashenko pointed out how the harvest was moving seven to ten days slower than usual and demanded farmers pick up the pace by reducing combines' idle times and increasing their work capacity to 17 - 20 acres per day.

¶3. (U) Government figures predict farms will produce 7.7 million tons of grain, 3.3 million tons of sugar beet, 66,000 tons of flax fiber, 9.5 million tons of potatoes, 143,000 tons of rapeseed, and 2 million tons of vegetables. Agriculture Minister Leonid Rusik anticipated that Belarus would need to import 165,000 tons of wheat to prevent a possible shortage in 2005. Lukashenko, believing Belarus could produce enough of its own, sternly informed the ministers that no more than 110,000 tons would be imported. [Note: The 2004 harvest campaign also witnessed a record 7.7 million-ton grain harvest. Ironically, the government ended up importing grain from Russia and Ukraine, accounting for 52 percent of Belarus' total cereal grain needs in 2004.]

Unprecedented Government Support

14. (SBU) Early in 2005, the GOB ordered banks to provide USD 280 million in loans for the 2005 sowing and harvest campaign at a rate below three percent. According to the Chairman of the National Bank, Petr Prokopovich, bank loans to agriculture have increased 150 percent over last year. Sidorsky informed Lukashenko that as of July 18 the GOB had allocated USD 106 million to state-controlled farms to offset harvest costs. The total amount of subsidies and loans given to the agriculture sector, however, has put the nation's banks into a USD 73 million deficit. [Comment: State-controlled farms have little incentive to pay loans back and the government, even though it says otherwise, does not seem to expect them to.] The government has also allocated USD 1.7 million to purchase 1 million tons of milling and feed grain for national use. Sidorsky suggested the government should allocate funds to commodity processing plants, such as bakeries and refineries, so that they too can purchase Belarus' crop.

15. (U) Prokopovich informed Lukashenko that the nation's banks have "loaned" farms USD 188 million to purchase agricultural machinery on leasing terms. Over 13,300 combines, plus hundreds of grain dryers, processors, trucks, tractors, and loaders Q all Belarusian made Q are in use to gather the "record" harvest. Even the Ministries of Transport and Defense have donated vehicles and manpower. As in past years, the GOB ordered the military to help gather crops. On August 2, 11 platoons and 270 military cargo trucks were sent to farms throughout Belarus. The Minsk regional government, in order to garner citizens' support and elevate their pride, formed propaganda teams - comprised

MINSK 00000923 002 OF 003

of government officials, local public organizations, and state reporters Q to visit farms and report on their progress. [Note: Since the harvest began, state papers have published photos and front-page articles of the campaign on a daily basis.]

Firm Control On Fuel

16. (U) Sidorsky estimated the harvest campaign would require 220,000 tons of diesel fuel and 84,000 tons of gasoline. Lukashenko replied that he had just issued a directive to allocate an additional USD 30 million to provide farms with fuel. However, he warned that those who misuse or steal the fuel would be severely punished. Head of the State Control Committee Anatoly Tozik reported that out of 24 recent farm audits, 23 revealed abuse or fraud in which managers deliberately misreported the condition of combines and grain dryers in order to receive more fuel. On July 19, the Interior Ministry announced it had formed special police teams to conduct night raids on collective farms to prevent the theft of fuel, grain, fertilizers, and agricultural equipment and to ensure the proper transportation of grain, pesticides, and spare parts.

Bogus Results?

17. (U) By August 1, the GOB reported that state farms had harvested over one million tons of grain from 16 percent of the country's total cultivated area, resulting in 1.4 tons per acre, up from 1.3 per acre in 2004. On the same date in 2004, Belarus had harvested only 440,000 tons from six percent of sown ground. Malt barley production increased 350 percent to 50,000 tons, and 172,000 tons of rapeseed had been harvested from 62 percent of the total area, resulting in 0.8 tons per hectare.

18. (SBU) Official government results, however, are skewed. An agriculture contact told Poloff on July 22 that many farmers expect lower yields than in 2004, partly due to unusually warm weather in April followed by a series of frosts lasting until early May. Several hard rains either damaged or killed entire fields of crops and/or washed away applied fertilizers, pesticides and herbicides. Lukashenko's orders to plant early within a small time frame, regardless of weather conditions, also played a damaging role. [Note: During the warm spell in April, Lukashenko impatiently ordered farms to plant crops and vegetables. The frosts occurred not long after many fields had germinated.]

19. (SBU) Post expects farms to meet Lukashenko's quota by August 25, but it is doubtful that the quality will be substantive. Poloff, who has an agricultural background, drove through farming country 40 km north of Minsk and noticed that many of the wheat and rye fields being cut were still relatively green and needed at least one more week of warm weather to ripen. In one field, the kernels were chewy and too wet, making it difficult to separate them from the chaff. Poloff's contact explained that moisture accounts for at least half, if not two-thirds, of the government's reported weight yields. Once gathered, the loads are weighed and then put through dryers. Once dried, the weight is drastically reduced, but not officially reported. According to the contact, elevators do not dock farms for unacceptable levels of moisture, foreign objects, or quality. This is how Belarus can report record surpluses surpassing other CIS states, while at the same time it continues to import grain and produce from Russia and Ukraine.

Voodoo Ag

10. (SBU) Farming methods in Belarus, at times, cast doubt on the country's ability to yield quality produce. For example, poloffs have seen farmers applying fertilizer, pesticide, and/or herbicide on wheat, rye, and corn fields in their later stages of maturity, leaving tire tracks of flattened wheat and/or broken corn stocks behind. Corn Q which is mainly used for silage since the growing season is too short to mature Q

MINSK 00000923 003 OF 003

is sometimes not even planted in rows, preventing machinery from working the fields without major damage. It is not uncommon to see new Belarusian-made tractors pulling antiquated implements while a field hand walks behind, controlling and/or monitoring the process. These and many other examples would make an American farmer gasp.

Comment

11. (SBU) Lukashenko, the former collective farm manager from Shklov, firmly controls the agriculture sector while ignoring advice from his specialists. Similar to his 2004 conference on the harvest campaign (reftel), Lukashenko shot down suggestions from regional governors and ministers on what needs to be improved and personally blamed them for failing to meet his high expectations. Earlier in the year, Minister of Agriculture Leonid Rusik pleaded to Lukashenko to purchase foreign combines, noting the inferiority of Belarusian makes, but the president refused (septel). However, one of Lukashenko's high-ranking cronies, obviously with no agriculture background, suggested farmers add several tons of fertilizer per acre to get rid of Belarus' surplus of potash.

12. (SBU) On the president's orders, the GOB has

invested millions into the agriculture sector, but even with "record" production levels, the industry remains insolvent. If the government is financing the sowing, the harvest, and buying the produce, then farms really do not need to worry about making a profit. Many other factors account for poor results, such as inefficient labor and infrastructure, but Lukashenko's heavy-handed micro-management and blatant stubbornness are not doing the sector any favors.

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